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PSC GIVES FINAL OKAY TO SETTLEMENT AGREEMENT IN MDU GAS RATE CASE

The temporary natural gas rate increase of about 4 percent that was granted by the Public Service Commission last November for Montana-Dakota Utilities Co. will become permanent as a result of today's approval by the PSC of an agreement between MDU and the Montana Consumer Counsel to settle all of the issues in the pending rate case.

In its rate case filed last May, MDU requested an increase in rates to raise \$3.6 million in additional annual revenue. The rate case concerned only the company's distribution costs, which include operation and maintenance expenses, depreciation, taxes, and a component for the opportunity to earn a return on its investments in facilities to provide natural gas services. Distribution costs are approximately 31 percent of a typical residential bill.

In September the PSC granted MDU a temporary rate hike of about \$2 million, which resulted in a 5 percent rate increase for residential customers. In late October, MDU and the Montana Consumer Counsel, which represents residential and small business customers in matters before the PSC, submitted a settlement agreement for PSC consideration. The agreement called for the PSC to add an additional temporary rate increase of \$308,407. Because of the proposed rate allocation method in the agreement, residential customers would actually see a small rate decrease from the September interim rate change. The agreement also contained increases in the monthly basic service charges paid by customers. This charge would increase from \$5 per month to \$6.25 for residential customers and from \$8 per month to \$10 for small general service customers. The PSC approved the rate changes on an temporary basis last November and they now become permanent as a result of today's action.

Other changes requested by MDU and approved by the PSC include the following:

- MDU will no longer relight customers' pilot lights free of charge, except for customers who receive assistance from the Low Income Energy Assistance Program. MDU will, however, continue to investigate reports of gas leaks or hazardous conditions at no charge.
- The charge for returned checks will increase from \$10 to \$20.
- The charge to reconnect service to a customer who has been disconnected for nonpayment will increase from \$12 to \$30, except that customers who receive assistance from the Low Income Energy Assistance Program will continue to pay a \$12 reconnect fee.

MDU serves about 70,000 natural gas customers in Montana.

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